

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 AID-05 EB-07 SAJ-01 SAM-01 /083 W

----- 004802

R 140610Z NOV 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8021

INFO AMEMBASSY BANGKOK

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USLO PEKING

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E.O. 11652: N/A

TAGS: EAID ETRD PROR VN CH

SUBJ: PRC AID TO THE DRV

1. SUMMARY THE WORKING LEVEL VIETNAMESE AID NEGOTIATOR HAS LEFT PEKING WITH ONLY A MINIMUM NUMBER OF SIGNED CHINESE AID AGREEMENTS, AS PEKING CONTINUES TO KEEP ITS OPTIONS OPEN. PEKING HAS POSSIBLY GIVEN LESS AID THAN HANOI REQUESTED, AND HAS APPARENTLY DECLINED TO MAKE A COMMITMENT FOR AN AID PLAN COVERING THE NEXT FIVE YEARS. THE TERMS OF CHINESE AID HAVE REVERTED FROM A WAR-TIME GRATIS BASIS BACK TO THE PRE-WAR NO-INTEREST LONG-TERM CREDIT BASIS THAT IS THE STANDARD FOR PEKING'S AID TO MOST LESS DEVELOPED COUNTRIES.  
END SUMMARY

2. LY BAN DRV VICE MINISTER FOR FOREIGN TRADE, DEPARTED PEKING NOVEMBER 12 AFTER THREE MONTHS OF AID NEGOTIATIONS BUT  
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PEKING APPARENTLY FAILED TO SEND HIM OFF WITH ALL THAT

THE DRV HAD REQUESTED. IN AUGUST AT A WELCOMING BANQUET, DRV VICE PREMIER LE THANH NGHI FARNKLY ASKED FOR INCREASED PRC ASSISTANCE AND FOR DEVELOPMENT OF A LONG-TERM ECONOMIC SCIENTIFIC AND TECHNICAL COOPERATION PLAN (ER 17 HK 9798). NEITHER OF THESE REUQUESTS APPEAR TO HAVE BEEN FULLY MET.

3. ONE INDICATION THAT NEGOTAITIONS DID NOT PROCEED SMOOTHLY IS THAT TWO IMPORTANT AID IMPLEMENTATION ACCORDS-- THE SUPPLY OF GENERAL GOODS PROTOCOL AND THE GOODS SUPPLY AND PAYMENTS AGREEMENT-- WERE SIGNED ONE MONTH APART THIS YEAR ON SEPTEMBER 25 AND OCTOBER 25 RESPECTIVELY, SUGGESTING THE NEED FOR LENTHIER TALKS. BY CONTRAST BOTH WERE SIGNED SIMULTANEOULSY LAST YEAR. FURTHER, THIS YEAR A FOREIGN TRADE VICE MINISTER SIGNED THE LATTER AGREEMENT , THUS DOWN-GRADING THE CEREMONY. LAST YEAR, AS HE HAS SINCE 1966, FOREIGN TRADE MINISTER LI CHIANG SIGNED THE AGREEMENT. MOREOVER, A PROTOCOL FOR THE PROVISION OF COMPLETE PLANTS, A REGULAR FEATURE OF PRIOR PRC-DRV AID AGREEMENTS, AND PRESUMABLY A PRIORITY COMPONENT OF THE DRV'S RECONSTRUCTION PROGRAM, HAS NOT YET BEEN SIGNED.

4. AN IMPORTANT CHANGE IN THEIR ECONOMIC RELATIONSHIP WAS THE PRC'S RETURN IN ITS DEALINGS WITH THE DRV TO ITS STANDARD AID POLICY OF PROVIDING ASSISTANCE UNDER A LONG TERM INTEREST-FREE LOAN. THAT LOAN, FOR AN UNDISCLOSED AMOUNT, WAS SIGNED ON SEPTEMBER 25 (NCNA). THIS REPLACES THE WAR-TIME AGREEMENT OF PROVIDING GRATIS AID. IN THE EARLY 1960'S , BEFORE THE WAR IN THE SOUTH INTENSIFIED, PEKING PROVIDED AID ONLY ON CREDIT. FOR EXAMPLE, ON JANUARY 31, 1961 PEKING GRATED A CREDIT OF 141.75 MILLION NEW RUSSIAN RUBLES (THEN WORTH \$157.5 MILLION) FOR USE DURING 1961-67 TO FIANCE WHOLE PLANT IMPORTS AND CHINESE TECHNICAL ASSISTANCE. (PEOPLE'S DAILY FEBURARY 1, 1961).

5. ANOTHER CHANGE, PROBABLY BY MUTUAL CONEMSENT , WAS THE APPARENT LAPSING OF THEMILITARY AID PROGRAM.

6. FINALLY, PEKING, BY NOT CONCLUDING SUCH AN AGREEMENT, APPEARS TO HAVE REJECTED NGHI'S REQUEST FOR A BILATERAL ASSISTANCE PLAN TO COVER THE NEXT FIVE YEARS PLAN. PEKING SIGNED SUCH AN AGREEMENT EARLIER THIS YEAR WITH THE MORE LIMITED OFFICIAL USE

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TRACTABLE ALBANIANS (ER 14 HK 7963).

7. BAN'S LATE DEPARTURE FROM PEKING AFTER THE OCTOBER 25 SIGNING MIGHT HAVE BEEN RELATED TO VIETNAM WORKER'S PARTY FIRST SECRETARY LE DUAN'S ECONOMIC FORAGING FOR ASSISTANCE FROM THE SOVIET UNION AND EASTERN EUROPE. THIS DELAY WOULD GIVE PEKING THE MAXIMUM AMOUNT OF TIME TO CONSIDER COUNTERING THE SOVIET'S OFFER. JUDGING FROM

REPORTS OUT OF MOSCOW, THE RUSSIANS APPEAR TO HAVE WON THIS  
ROUND OF THE COURTSHIP.

8. COMMENT: THE PRC-DRV NEGOTIATIONS THIS YEAR PROBABLY  
REFLECT THE UNCERTAIN PRC ATTITUDE TOWARD HANOI. BY  
NOT COMMITTING ITSELF TO ANY SPECIFIC LEVEL OF AID TO  
THE DRV FOR THE NEXT FIVE YEARS, PEKING IS DEFINITELY  
KEEPING ITS OPTIONS OPEN.  
CROSS

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## Message Attributes

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